

2025

THIRD QUARTER REPORT



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BOARD OF DIRECTORS

Megan F. Clubb, Chair

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BAKER BOYER

FAMILY LEGACIES GROWN LOCALLY

Tri-Cities Yakima Walla Walla

Dear Baker Boyer Shareholder:

October 16, 2025

As we close the third quarter of 2025, we say goodbye to a temperate summer that allowed our farmers to have a better than average crop year. Unfortunately, both higher input prices and deflated crop prices have caused many of our farmers to have a rough financial year. There is much talk about a pending farm bill to subsidize farmers across the country for this bumpy year. If it materializes, it will be happily received.

In the third quarter we did see a fall in our loan balances, mainly due to payoffs on some larger loans. Some of these were loans that we were tracking with special interest as the underlying businesses were having challenges. The end result is, although our loan balances may have declined, the actual health of our entire portfolio improved.

In addition, while the uncertainty of tariffs, the slowing employment market, a government shutdown and rising prices weigh on the minds of all Americans, the overall economy and markets seem to be taking it in stride. The Wealth Management Division continues to post healthy income with revenue being \$8.7 million for the first 9 months of 2025, a full 2.7% increase over the same time period last year.

This has allowed Baker Boyer to post net income of \$2.1 million for the first 9 months of 2025. This is in comparison to \$0.9 million for the same 9 months of 2024, a 122.8% increase.

As we get closer to the year end, we continue to see our bank deposits stabilize as much of the excess funds we accumulated through the Pandemic have now rolled out. This is making the ability of our team to manage the cash flow of the Bank much easier, and it is showing in Baker Boyer’s financials.

As always, we work diligently at the Bank to support our communities and provide value to our Shareholders. I wish you all a wonderful Holiday Season, and if you have any questions, please contact me at the Bank.

Respectfully,

Mark H. Kajita, CPA
President & CEO

Consolidated Balance Sheet - Average YTD

(Unaudited)

	Sept 30,		
	2025	2024	% Chg.
	(dollars in thousands)		
Assets			
Cash and noninterest bearing due from banks	\$ 7,798	\$ 8,734	(10.7)
Int-bearing deposits at other financial institutions	48,496	13,075	270.9
Total cash and cash equivalents	56,294	21,809	158.1
Debt securities available-for-sale, at fair value	189,185	259,256	(27.0)
Debt securities held-to-maturity	496	492	0.8
Other investments, at cost	1,127	1,848	(39.0)
Total investments	190,808	261,596	(27.1)
Loans	396,163	382,224	3.6
Allowance for credit losses	(4,007)	(3,384)	18.4
Net loans	392,156	378,840	3.5
Bank premises and equipment, net	19,239	19,991	(3.8)
Accrued interest receivable	3,822	4,081	(6.3)
Other assets	4,814	6,767	(28.9)
Total assets	\$ 667,133	\$ 693,084	(3.7)
Liabilities and Shareholders' Equity			
Liabilities:			
Demand deposits- noninterest bearing	\$ 211,547	\$ 224,096	(5.6)
Interest bearing deposits	375,067	371,958	0.8
Total deposits	586,614	596,054	(1.6)
Securities sold under agreements to repurchase	22,164	24,993	(11.3)
Borrowed funds	822	20,917	(96.1)
Accrued interest payable	502	437	14.9
Other liabilities	1,108	1,015	9.2
Total liabilities	\$ 611,210	\$ 643,416	(5.0)
Shareholders' equity			
Common stock (no par value, stated value \$3.125 per share)			
4,000,000 shares authorized			
September 30, 2025 - 1,315,711 shares issued and outstanding;			
September 30, 2024 - 1,310,290 shares issued and outstanding	4,108	4,093	0.4
Additional paid-in capital	1,335	1,092	22.3
Retained earnings	58,261	58,102	0.3
Accumulated other comprehensive loss	(7,781)	(13,619)	(42.9)
Total Shareholders' equity	55,923	49,668	12.6
Total liabilities and Shareholders' equity	\$ 667,133	\$ 693,084	(3.7)

Consolidated Statements of Income

(Unaudited)

	Nine Months Ending September 30,		
	2025	2024	% Chg.
	(dollars in thousands, except per share amounts)		
Interest income			
Interest and fees on loans	\$ 17,332	\$ 16,201	7.0
Interest on deposits in other banks	1,452	338	329.6
Interest on taxable debt securities	1,861	2,523	(26.2)
Interest on debt securities exempt from federal taxes	320	444	(27.9)
Interest income on other investments	49	86	(43.0)
Total interest income	21,014	19,592	7.3
Interest expense			
Interest on deposits	3,851	3,309	16.4
Interest on securities sold under agreements to repurchase	496	712	(30.3)
Interest on borrowings	32	851	(96.2)
Total interest expense	4,379	4,872	(10.1)
Net interest income	16,635	14,720	13.0
Provision for credit losses-loans	200	370	(45.9)
Net interest income after provision for credit losses	16,435	14,350	14.5
Non-interest income			
Wealth Management fees	8,730	8,502	2.7
Service charges on deposit accounts	334	315	6.0
Other service charges and fees	937	905	3.5
Other operating (loss) income	(266)	136	(295.6)
Total non-interest income	9,735	9,858	(1.2)
Non-interest expense			
Salaries, wages, and other compensation	12,125	12,033	0.8
Retirement and employee benefits	3,616	3,657	(1.1)
Net occupancy expense	1,175	1,087	8.1
Furniture and equipment expense	522	513	1.8
Other operating expense	6,170	5,840	5.7
Total non-interest expense	23,608	23,130	2.1
Income before provision for income taxes	2,562	1,078	137.7
Provision for income taxes	470	139	238.1
Net income	\$ 2,092	\$ 939	122.8
Basic earnings per common share	\$ 1.62	\$ 0.73	122.2
Weighted average number of shares outstanding	1,292,885	1,289,216	